

IN THE UNITED STATES DISTRICT COURT
DISTRICT OF SOUTH CAROLINA
FLORENCE DIVISION

C. EDWIN ALLMAN III, TRUSTEE)	
IN BANKRUPTCY FOR)	
PACE AIRLINES, INC.)	
SUITE 700, 380 KNOLLWOOD ST.)	
WINSTON-SALEM, N.C. 27105,)	Case No. 4:09-cv-02389-JMC
)	
Substituted Plaintiff,)	
)	
vs.)	
)	
SOUTHERN SKY AIR & TOURS, LLC)	
a/k/a SOUTHERN SKY AIR, LLC)	
d/b/a DIRECT AIR)	
1600 OAK ST. STE. B)	
MYRTLE BEACH, SC 29575,)	
)	
Defendant.)	

JOINT LOCAL RULE 26(f) REPORT

Pursuant to Local Rule 26.03, Plaintiff, C. Edwin Allman III, Trustee in Bankruptcy for Pace Airlines, Inc. ("Plaintiff" or "Trustee"), and Southern Sky Air & Tours, LLC a/k/a Southern Sky Air, LLC d/b/a Direct Air, by and through counsel, jointly submit this report.

Statement of Facts

On December 2, 2009, an Involuntary Chapter 7 proceeding was filed in the United States Bankruptcy Court for the Middle District of North Carolina against Pace Airlines, Inc., a Delaware Corporation ("Pace"). The Court entered an Order for relief on December 29, 2009, and C. Edwin Allman III, was appointed Bankruptcy Trustee for Pace.

At the time the Involuntary Petition was filed, an action was pending in the United States District Court for the District of South Carolina styled Pace Airlines, Inc., Plaintiff v. Southern Sky Air & Tours, LLC a/k/a Southern Sky Air, LLC d/b/a Direct Air, Defendant.

The Complaint alleged that on February 25, 2009, the parties entered into an Agreement for a total sum of \$2,027,889.00, which was to run through the period of March 29, 2009 to September 7, 2009. The Complaint alleged that the Defendant breached the agreement triggering Paragraph 11.3 of the Agreement whereupon unilateral cancellation by Defendant made it 100% liable for the charter price.

On June 19, 2009, Pace sent a final invoice to Defendant showing an amount due of \$1,457,168.40.

The Defendant filed an Answer and Counterclaim denying the material allegations set forth in the Complaint and charging Pace with breach of the Charter Agreement for failing to provide the necessary aircraft as it had allegedly represented at the time of contract and by failing to provide the functional operational services.

On November 7, 2011, Plaintiff filed an Answer to Defendant's Counterclaims, denying the material allegations and pleading the express terms of the agreement in bar of Defendant's claims, among other things.

Fact Witnesses

Pursuant to Local Rule 26.03(A)(2), the parties state that the following individuals may have discoverable information that may be relevant to the claims or defenses asserted in this action:

Christie Parker (f.k.a. Christie Hull)
Former employee of Pace Airlines
8985 Red Bank Rd
Germanton, NC 27019

Ms. Parker had regular email correspondences with Pat Small and/or Judy Tull and other employees or agents of Direct Air regarding load information, flight scheduling, fuel stops and various other matters that relate to the flights that were chartered by Direct Air under the contract at issue.

Catherine Roberts
Former Director of Finance for Pace Airlines
4025 Katherine Court
Winston-Salem, NC 27106
336-924-6903

Ms. Roberts has knowledge of Direct Air's payment of amounts due under the charter contract at issue prior to Direct Air's cancellation of the same.

Beth Collins
Former Cash Analyst for Pace Airlines
1106 Trinity Church Rd.
Tobaccoville, NC 27050-9121
336-983-0402

Ms. Collins had direct correspondences with Direct Air regarding payments and completed flights. Ms. Collins was also a party to communications between Pace and Direct Air in 2008, under a previous charter arrangement with Direct Air.

Bill Ivie
Former Manager, Crew Scheduling, Pace Airlines
(Contact information unknown)

Managed crew for chartered flights

Charlie Creech – Former President of Pace
Jim McPhail – Former Vice President of Pace
Phil Rolison - Former Director of Operations of Pace

Mssrs. Creech, McPhail, and Rolison may have knowledge of the negotiation of the charter contract at issue in this lawsuit and Pace's relationship with Direct Air. These potential witnesses are now working at North State Aviation, in Winston-Salem, North Carolina. North State Aviation is represented in the Pace bankruptcy proceeding by attorney John Small at Brooks, Pierce, McLendon, Humphrey & Leonard LLP, 2000 Renaissance Plaza, 230 North Elm Street, Greensboro, NC 27401.

Kay Ellison
Myrtle Beach, South Carolina

Judy Tull
Myrtle Beach, South Carolina

Ms. Ellison and Ms. Tull are employees of the Defendant who have knowledge of the controversy between the parties and of the Defendant's claims.

Reese Boyd, Esquire
Boyd and Goldfinch Law Firm
Surfside Beach, South Carolina

Mr. Boyd is a fact witness and he is knowledgeable as to the facts in this controversy and the Defendant's claims.

Expert Witnesses

Pursuant to the Conference and Scheduling Order entered by the Court November 16, 2011, on or before January 30, 2012, the Plaintiff shall file and serve a document identifying by full name, address, and telephone number, each person whom Plaintiff expects to call as an expert at trial and specifying each subject matter to which each expert is expected to testify.

On or before March 15, 2012, the Defendant shall file and serve a document identifying by full name, address, and telephone number, each person whom Defendant expects to call as an expert at trial and specifying each subject matter to which each expert is expected to testify.

Status of Discovery and Schedule Going Forward

Pursuant to Local Rule 26.03(A)(5) and (6), the parties presently do not anticipate any special circumstances that will affect the deadlines set forth in the Court's November 16, 2011 Scheduling Order. By agreement of the parties, the discovery record including Responses to Interrogatories, Responses to Requests for

Production of Documents, and depositions taken are to be considered a part of the evidentiary record in this matter, subject to the Federal Rules.

Respectfully submitted this 14th day of December, 2011.

By: s/J. Boone Aiken, III
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